

PRELIMINARY OFFICIAL STATEMENT DATED MAY 30, 2023

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

The Town will designate the Notes as "qualified tax-exempt obligations" pursuant to the provision of Section 265(b)(3) of the Code.

TOWN OF NEW WINDSOR ORANGE COUNTY, NEW YORK (the "Town")

\$3,445,000 BOND ANTICIPATION NOTES – 2023 (the "Notes")

Dated Date: June 29, 2023

Maturity Date: June 28, 2024

Security and Sources of Payment: The Notes are general obligations of the Town of New Windsor, Orange County, New York (the "Town", the "County", the "State" respectively) and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "Tax Levy Limit Law," herein).

Prior Redemption: The Notes will not be subject to redemption prior to their maturity.

Form and Denomination: The Notes will be issued in registered form and, at the option of the purchaser, the Notes may be either registered to the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes. For those Notes registered to the purchaser, a single note certificate shall be delivered to the purchaser(s) for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Those Notes issued in book-entry form will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the Securities Depository for the Notes. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Individual purchases of any Notes issued in book-entry form may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof. Noteholders will not receive certificates representing their respective ownership interests in any Notes issued in book-entry form. (See "Description of Book-Entry System" herein).

Payment: Principal of and interest on the Notes registered to the Purchaser will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Payment of the principal of and interest on any Notes issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC Participants or Indirect Participants and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. Principal and interest payments on any book-entry notes shall be payable at the office of the Town Clerk. (See "Description of Book-Entry System" herein.)

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on June 8, 2023 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about June 29, 2023 in New York, New York, or as otherwise agreed to by the Town and the purchaser(s).

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE TOWN FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE TOWN'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

June , 2023



**TOWN OF NEW WINDSOR
ORANGE COUNTY, NEW YORK**

Town of New Windsor Office Building
555 Union Avenue
New Windsor, NY 12553
845/563-4623

TOWN BOARD

George J. Meyers, Town Supervisor

Stephen A. Bedetti
Steven Moreau
Eve Lincoln
Sylvia Sotomayor-Santiago

Doreen Casey, Town Comptroller
Kelly Allegra, Town Clerk
David Zagon, Town Attorney

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR



12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

E-mail: info@munistat.com
Website: <http://www.munistat.com>

No dealer, broker, salesman or other person has been authorized by the Town to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof.

TABLE OF CONTENTS

	Page
THE NOTES	1
DESCRIPTION OF THE NOTES	1
OPTIONAL REDEMPTION	1
DESCRIPTION OF BOOK-ENTRY SYSTEM.....	1
AUTHORIZATION AND PURPOSE.....	3
SECURITY AND SOURCE OF PAYMENT	3
RISK FACTORS	3
REMEDIES UPON DEFAULT	5
MUNICIPAL BANKRUPTCY.....	6
FINANCIAL CONTROL BOARDS	7
NO PAST DUE DEBT	7
TOWN OF NEW WINDSOR	7
DESCRIPTION	7
GOVERNMENT	8
TOWN WATER SYSTEM.....	8
FINANCIAL ORGANIZATION	9
EMPLOYEES	9
ECONOMIC AND DEMOGRAPHIC INFORMATION	9
POPULATION CHARACTERISTICS	9
INCOME DATA	10
SUMMARY OF BUILDING ACTIVITY	10
SELECTED LISTING OF LARGE TAXABLE EMPLOYERS	10
UNEMPLOYMENT RATE STATISTICS	11
INDEBTEDNESS OF THE TOWN	11
CONSTITUTIONAL REQUIREMENTS	11
STATUTORY PROCEDURE.....	12
COMPUTATION OF DEBT LIMIT AND CALCULATION OF NET DEBT CONTRACTING MARGIN	13
DEBT SERVICE REQUIREMENTS - OUTSTANDING BONDS	14
DETAILS OF SHORT-TERM INDEBTEDNESS OUTSTANDING	14
ANTICIPATED FUTURE BORROWINGS	15
AUTHORIZED BUT UNISSUED INDEBTEDNESS	16
CALCULATION OF ESTIMATED OVERLAPPING AND UNDERLYING INDEBTEDNESS	16
DEBT RATIOS	16
FINANCES OF THE TOWN	17
FINANCIAL STATEMENTS AND ACCOUNTING PROCEDURES	17
<i>Fund Structure and Accounts</i>	17
<i>Basis of Accounting</i>	17
INVESTMENT POLICY	17
BUDGETARY PROCEDURES	18
FINANCIAL OPERATIONS	19
THE STATE COMPTROLLER’S FISCAL STRESS MONITORING SYSTEM	19

TABLE OF CONTENTS - CONTINUED

	Page
REVENUES	19
STATE AID	19
EXPENDITURES	21
EMPLOYEE PENSION SYSTEM	21
CONTRIBUTIONS TO THE RETIREMENT SYSTEMS	23
OTHER POST EMPLOYMENT BENEFITS.....	23
REAL PROPERTY TAX INFORMATION	24
REAL PROPERTY TAXES	24
TAX COLLECTION PROCEDURE.....	24
TAX LEVY LIMIT LAW.....	25
SELECTED LISTING OF LARGE TAXABLE PROPERTIES	26
TAX CERTIORARI CLAIMS	26
LITIGATION.....	26
CYBERSECURITY.....	27
IMPACT OF COVID-19.....	27
TAX MATTERS	27
OPINION OF BOND COUNSEL	27
CERTAIN ONGOING FEDERAL TAX REQUIREMENTS AND CERTIFICATIONS.....	28
CERTAIN COLLATERAL FEDERAL TAX CONSEQUENCES	28
ORIGINAL ISSUE DISCOUNT	28
NOTE PREMIUM	29
INFORMATION REPORTING AND BACKUP WITHHOLDING	29
MISCELLANEOUS	29
LEGAL MATTERS.....	29
DISCLOSURE UNDERTAKING	29
BOND RATING.....	30
MUNICIPAL ADVISOR	30
ADDITIONAL INFORMATION.....	30
APPENDIX A: FINANCIAL INFORMATION	
APPENDIX B: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022	
APPENDIX C: FORM OF BOND COUNSEL OPINION	
APPENDIX D: FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS	

OFFICIAL STATEMENT

Relating to

TOWN OF NEW WINDSOR ORANGE COUNTY, NEW YORK

\$3,445,000 BOND ANTICIPATION NOTES –2023 (the “Notes”)

This Official Statement, including the cover page and appendices thereto, has been prepared by the Town and presents certain information relating to the Town's \$3,445,000 Bond Anticipation Notes –2023 (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Town's overall economic situation and outlook (and all of the specific Town-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See “RISK FACTORS” and “IMPACT OF COVID-19” herein.

THE NOTES

Description of the Notes

The Notes are general obligations of the Town. The Town has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein).

The Notes will be dated and will mature, without the option of prior redemption, as indicated on the cover page hereof.

The Town Clerk will act as Fiscal Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s). The Town's contact information is as follows: Doreen Casey, Town Comptroller, Town of New Windsor, Town Hall, 555 Union Avenue, New Windsor, New York 12553, telephone number (845) 563-4621, email: dcasey@newwindsor-ny.gov.

Optional Redemption

The Notes will not be subject to redemption prior to their maturity.

Description of Book-Entry System

DTC will act as securities depository for any Notes issued as book-entry notes. Such Notes will be issued as fully-registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). Standard & Poor’s assigns a rating of “AA+” to DTC. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Town on the payable date, in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC (nor its nominee) or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC), and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Source: The Depository Trust Company, New York, New York.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered to the Noteowners. The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, note certificates will be printed and delivered to the Noteowners.

The information contained in the above section concerning DTC and DTC’s book-entry system has been obtained from sample offering document language supplied by DTC, but the Town takes no responsibility for the accuracy thereof. In addition, the Town will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, any participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Notes or (iii) any notice which is permitted or required to be given to Noteowners.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the Local Finance Law, and various bond resolutions duly adopted by the Town Board of the Town on the date set forth below for the following purposes:

<u>Date</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>Amount</u> <u>Outstanding</u>	<u>Total</u> <u>Amount</u> <u>To be Issued</u>
04/05/2023	Sewer Pump Station 2 Rehab	\$2,000,000	\$ 0	\$2,000,000
04/05/2023	Highway Garage Roof Replacement	1,020,000	0	1,020,000
04/05/2023	Building & Grounds Roof Replacement	<u>425,000</u>	<u>0</u>	<u>425,000</u>
Total		<u>\$3,445,000</u>	<u>\$ 0</u>	<u>\$3,445,000</u>

Security and Source of Payment

Each Note when duly issued and paid for will constitute a contract between the Town and the holder thereof.

The Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the Town has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*,” herein).

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town’s power to increase its annual tax levy, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*,” herein).

RISK FACTORS

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The Town’s credit rating could be affected by circumstances beyond the Town’s control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of Town property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Town’s credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of the holder to potentially incur a capital loss if such Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Town to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The Town is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefore. Should the Town fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys, the Town is authorized to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid; however, there can be no assurance that, in such event, the Town will have market access for any such borrowing on a cost effective basis. (See also "State Aid" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Town, may affect the market price and/or marketability for the Notes. (See "*Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Town, could impair the financial condition of such entities, including the Town, and the ability of such entities, including the Town, to pay debt service on the Notes.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Town's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the Town's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the Town. The Town is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein) (See "Impact of COVID-19" herein).

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the Town default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. Each Note is a general obligation contract between the Town and the owners for which the faith and credit of the Town are pledged and while remedies for enforcement of payment are not expressly included in the Town's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Town. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Note, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Town subject to taxation by the Town, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the Town, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Town.

Pursuant to Article VIII, Section 2 of the State Constitution, the Town is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically, this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

MUNICIPAL BANKRUPTCY

The undertakings of the Town should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the Town could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Town after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the Town, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Town in the future cannot be assured.

No current state law purports to create any priority for holders of the Notes should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The above references to the Bankruptcy Act are not to be construed as an indication that the Town is currently considering or expects to resort to the provisions of the Bankruptcy Act.

Financial Control Boards

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the Cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and in certain cases approve or disapprove collective bargaining agreements. Implementation is generally left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the Governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of a local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene in the finances and operations of entities such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The Town has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

No Past Due Debt

No principal or interest payment on Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and/or interest on any indebtedness.

TOWN OF NEW WINDSOR

There follows in this Official Statement a brief description of the Town, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

Description

The Town, with a land area of approximately 36 square miles and a population of approximately 27,541 is located in east central Orange County, immediately south of the City of Newburgh on the west bank of the Hudson River about 60 miles north of New York City. The Town is primarily a suburban residential area with commercial and industrial operations and some agriculture, the latter principally in the western portion of the Town.

Commercial facilities consist of small shopping centers and strip malls, variously including chain food stores, specialty stores, chain and non-chain retail stores, movie theaters, restaurants, etc., typically found in communities. Bank branches of national and regional banks are located within the Town.

Residential development consists primarily of single family homes, condominiums and garden apartment complexes. Residents are employed in commercial, non-commercial, professional, government businesses and industries, located in Town, neighboring and surrounding communities. In addition, a significant number of residents commute to New York City and the metro area by car, bus and commuter train services.

Stewart International Airport (“Airport”) located principally within the Town is operated under two 99-year leases. One lease is from the New York State Department of Transportation (NYS DOT) to the Port Authority of New York and New Jersey for the Airport and Airport aviation properties. The other lease, from the Town to First Columbia Corporation, provides for the development of lands adjacent to the Airport into an office/industrial complex. In 2012, the majority of this land reverted back to the Town for development. The Town recently completed the sale of approximately 88 acres of this land for commercial development to provide opportunity for further economic growth of the Town in the near future. In addition, substantial infrastructure upgrades linking the Airport to the New York State Thruway and Interstate 84 have been completed.

Electric and gas utilities service for the Town is provided by Central Hudson Gas & Electric Corp. Water service is provided by the Town’s municipal water system. Historically, the Town’s primary source of water was the New York City Department of Environmental Protection (NYC DEP) Catskill Aqueduct. In 2018, the Town completed the construction of an independent water supply system, the Butterhill Wells facilities which has the capacity to supply both current and future Town water consumption requirements. For a back-up supply, the Town continues to maintain interconnects with the NYC DEP Catskill Aqueduct, as well as, interconnects with surrounding municipalities for both the purchase and sale of water. For further information regarding the Butterhills Wells Facilities, see “Town Water System” herein. Sewer service and garbage collection is also provided by the Town’s municipal services. Police protection is provided by the Town’s police force consisting of approximately 45 full-time officers, plus staff. Fire protection is provided by the Town’s three independent volunteer fire districts. Emergency medical services are provided by the Town’s volunteer ambulance service district.

Rail transportation is provided by the Conrail and Metro North railroads. The New York State Thruway and Interstate Route 84 traverse the Town, with access via the Newburgh exits, just north of New Windsor. Other highways are U.S. Highway 9W, New York State Highways Routes 32, 94 and 207.

Government

The Town was established in 1763. Four independently governed school districts are located partially within the Town which rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as their basis for taxation of property located within the Town.

Subject to the provisions of the State Constitution, the Town operates pursuant to the Town Law, the Local Finance Law, other laws generally applicable to the Town, and any special laws applicable to the Town. Under such laws, there is no authority for the Town to have a charter, but pursuant to the Town Law and other laws generally applicable to home rule, the Town may from time to time adopt local laws.

The legislative power of the Town is vested in the Town Board, which consists of five members, including the Supervisor, who is the chief executive officer of the Town, elected for a term of two years. The four other members of the Town Board are elected to four-year terms, which terms are staggered such that two council members are elected every two years. All the Town Board members are elected at large and there is no limitation to the number of terms each may serve.

Additional Town officers are the Town Clerk (elected at large for a four year term), the Receiver of Taxes, who is responsible for the collection of taxes (elected at large for a four year term), the Superintendent of Highways (elected at large for a two year term), and the Assessor, the Town Attorney and the Comptroller, all of whom are appointed by the Town Board. Professional services for engineering, operation and maintenance of the Town’s water and sewer systems are by annual appointment by the Town Board or by longer term contracts. Other professional services are retained by the Town Board as necessary or required.

Town Water System

On April 1, 2019, the Town received verbal notification from the NYS Department of Health (DOH) that the water supply in the Butterhill Wells contained low levels of Perfluoro octane Acid (PFOA) and Perfluoro octane Sulfonate (PFOS). These wells were first put online in October 2018 and after test results for the above stated, contaminants were not detected. Written confirmation, which for the first time included the test results and showed the detection levels of both compounds to be significantly below the EPA Lifetime Health Advisory Limit of 70 parts per trillion, was received on April 4, 2019. DOH declared the water "acceptable" for drinking. Upon receipt of the aforementioned written confirmation and test results, the Town took immediate steps to have the water from each well independently tested and to consult with expert legal counsel. An expert hydrogeologist consulting firm was hired in an effort to determine the source of the contamination and any potential liable parties related thereto. Upon receipt of the independent test results requested, which confirmed the results received from DOH, the Town temporarily shut down the wells. Immediate steps were then taken to access a back-up water supply from the Catskill Aqueduct. This process began on May 2, 2019 and was completed by May 20, 2019.

In November 2019, a temporary granular activated carbon filtration system (“GAC”) was installed at the Butterhill Water Treatment Plant in order to treat the water from the Butterhill Wells and filter any PFOA and PFOS from the water. The GAC system is capable of treating approximately 2.15mgd (million gallons a day). The wells and Treatment Plant are capable of producing approximately 6.45 mgd if operating at full capacity. The Town remains in talks with relevant government agencies about viable options that will ensure an adequate supply of clean potable water to meet the Towns demands and obligations.

Further, as discussed above, the Town has filed Claim against numerous state, federal and private party tortfeasors believed to be responsible for the contamination of the wells and seeks to recover all costs and expenses incurred as a result of the aforementioned contamination.

Financial Organization

The Supervisor is the chief fiscal officer of the Town. The Comptroller is the accounting officer of the Town, and her duties include administration, direction and control of budget and insurance, accounts payable and receivables and payroll. The Comptroller is also responsible for drafting and preparing the budget and securing and administering State and Federal grants.

Employees

The Town provides services through approximately 238 employees, consisting of 127 non-elected full-time employees, 4 full-time elected employees, 6 part-time elected officials, 30 part-time employees, 19 part-time board appointments and approximately 52 seasonal (summer) employees of whom the following full-time employees are represented by organized labor.

<u>Name of Union</u>	<u>Approximate Membership</u>	<u>Date Contract Expires</u>
Civil Service Employees Association	75	12/31/2023
Patrolmen’s Benevolent Association	39	12/31/2023

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

The Town is located in Orange County, New York, approximately 60 miles north of New York City along the west side of the Hudson River. It is within a few miles to Interstate 84, the New York State Thruway and New York Stewart International Airport. The Town is primarily a suburban residential community comprising approximately 36 square miles. Population estimates for the Town, County, and State are listed below.^a

<u>Year</u>	<u>Town of New Windsor</u>	<u>Orange County</u>	<u>State of New York</u>
1990	22,937	307,647	17,990,455
2000	22,514	341,367	18,976,457
2010	25,244	372,813	19,378,102
2020	27,805	401,310	20,201,249
2021 ^a	27,541	404,525	19,835,912

Source: U.S. Census Bureau, Population Division and Annual Estimates of the Resident Population.

a. Based on American Community Survey 5-year estimates. (2017-2021)

Income Data ^a

	Median Household Income				
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2021^a</u>
Town of New Windsor	\$44,863	\$59,207	\$86,375	\$92,075	\$95,019
County of Orange	44,039	60,355	82,480	89,543	90,405
State of New York	39,741	51,691	67,405	70,435	74,314

	Per Capita Money Income				
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2021^a</u>
Town of New Windsor	\$15,843	\$22,806	\$31,652	\$38,414	\$42,955
County of Orange	15,198	21,597	28,944	35,616	38,725
State of New York	16,501	23,389	30,948	40,898	43,078

Source: United States Bureau of the Census

a. Note: Based on American Community Survey 5-Year Estimates (2017-2021)

Summary of Building Activity
(Number of Building Permits Issued)

	Residential			Com'l. & <u>Ind.</u>	<u>Total</u>
	<u>Single Family</u>	<u>Apt. Complexes</u>	<u>Misc.</u>		
2017	52	0	734	179	965
2018	42	5	764	162	973
2019	39	17	887	234	1,177
2020	60	0	1,024	147	1,231
2021	39	5	1,291	229	1,564
2022	27	0	1,092	241	1,360

Source: Town of New Windsor, Office of the Building and Zoning Inspector.

Selected Listing of Large Taxable Employers

<u>Name</u>	<u>Type</u>	<u>Approx. No. of Employees</u>
Verla International LTD.....	Manufacturing-Cosmetics	445
Precision Pipeline Solution	Service-Utility Infrastructure Svc.	350
Knapp Consultants Inc.	Svc.-Recruiting & Human Resources	215
Coca-Cola Bottling Co. of New York, Inc.....	Distribution – Beverages	200
LSI Lighting Solutions.....	Manufacturing – Lighting Fixtures	200
Metal Container Corp.....	Manufacturing – Aluminum Cans	150
West Point Tours.....	Transportation-Buses, Charters & Rentals	150
Central Hudson Gas & Electric.....	Utilities/Energy – Provider	125
Production Resource Group LLC.....	Mfg. – Scenic & Theatrical Settings	125
Gallagher Transportation	Transportation - Bus Lines/Truck Sales, Leasing and Services	120

Source: Orange County Partnership

Unemployment Rate Statistics

Unemployment statistics are available for the Town as set forth below. The information set forth below with respect to the County and the State is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the Town is necessarily representative of the County or the State or vice versa.

<u>Annual Averages:</u>	<u>Town of New Windsor (%)</u>	<u>County of Orange (%)</u>	<u>New York State (%)</u>
2017	4.5	4.5	4.6
2018	3.9	3.9	4.1
2019	3.5	3.6	3.8
2020	8.3	8.4	10.0
2021	4.8	4.7	6.9
2022	3.2	3.2	4.3
2023 (3 Months)	3.0	3.4	4.4

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

The New York State Constitution limits the power of the Town (and other municipalities and school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the Town and the Notes.

Purpose and Pledge. The Town shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Town may contract indebtedness only for a Town purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Town so as to prevent abuses in the exercise of such powers; however, as has been noted under "*Security and Source of Payment*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Town's power to increase its annual tax levy, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein).

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the Town to borrow and incur indebtedness subject, of course, to the constitutional and statutory provisions set forth above. The power to spend money, however, generally derives from other law, including the Town Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the Board of Trustees, except in the event that the Town determines to subject the bond resolution to voter approval by mandatory referendum, in which case only a three-fifths vote is required.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Town has complied with such procedure for the bond resolutions authorizing the issuance of the Notes.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*").

In addition, under each bond resolution, the Town Board may delegate, and has delegated, power to issue and sell bonds and notes, to the Town Supervisor, the chief fiscal officer of the Town.

In general, the Local Finance Law contains similar provisions providing the Town with power to issue general obligation revenue anticipation notes, tax anticipation notes, deficiency notes and budget notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the aggregate outstanding principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the New York State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the Town by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limit Law, imposes a statutory limitation on the power of the Town to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limit Law. (See "*Tax Levy Limit Law*," herein).

The following pages set forth certain details with respect to the indebtedness of the Town.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of May 30, 2023)

<u>Fiscal Year Ending</u> <u>December 21:</u>	<u>Assessed</u> <u>Valuation</u>	<u>State</u> <u>Equalization</u> <u>Rate (%)</u>	<u>Full Valuation</u>
2019	\$393,170,568	16.75	\$ 2,347,286,973
2020	397,234,881	15.48	2,566,116,802
2021	401,654,479	15.31	2,623,477,982
2022	404,915,146	14.49	2,794,445,452
2023	406,274,002	12.63	<u>3,216,737,941</u>
Total Five Year Full Valuation			\$13,548,065,151
Average Five Year Full Valuation			\$2,709,613,030
Debt Limit - 7% of Average Full Valuation			\$189,672,912
Inclusions:			
Outstanding Bonds:			
General Town Purposes			\$9,710,000
Non-Excluded Sewer			6,895,000
Water Bonds			17,210,000
Sub-Total			<u>33,815,000</u>
Bond Anticipation Notes			<u>-</u>
Total Inclusions Before Issuing Notes			<u>33,815,000</u>
Exclusions			
Water Debt			17,210,000
Appropriations and Cash on Hand			900,000
Total Exclusions			<u>18,110,000</u>
Total Net Indebtedness Before Issuance of the Notes			<u>15,705,000</u>
The Notes			3,445,000
Less: BANs to be Redeemed by the Issuance of the Notes			<u>0</u>
Net Effect of the Notes			3,445,000
Total Net Indebtedness After the Issuance of the Notes			<u>19,150,000</u>
Net Debt Contracting Margin			<u><u>170,522,912</u></u>
Per Cent of Debt Contracting Margin Exhausted			10.10%

Debt Service Requirements - Outstanding Bonds ^a

Fiscal Year Ending <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,845,000	\$1,100,924	\$ 2,945,924
2024	1,850,000	904,888	2,754,888
2025	1,865,000	851,013	2,716,013
2026	1,905,000	796,313	2,701,313
2027	1,920,000	740,751	2,660,751
2028	1,975,000	684,113	2,659,113
2029	2,030,000	625,963	2,655,963
2030	2,070,000	566,513	2,636,513
2031	2,005,000	507,600	2,512,600
2032	2,055,000	448,822	2,503,822
2033	2,040,000	389,291	2,429,291
2034	2,065,000	329,219	2,394,219
2035	2,080,000	268,093	2,348,093
2036	2,140,000	205,907	2,345,907
2037	2,040,000	143,565	2,183,565
2038	1,465,000	91,934	1,556,934
2039	900,000	59,900	959,900
2040	200,000	46,650	246,650
2041	200,000	42,650	242,650
2042	200,000	38,650	238,650
2043	200,000	34,650	234,650
2044	200,000	30,650	230,650
2045	200,000	26,650	226,650
2046	200,000	22,525	222,525
2047	200,000	18,275	218,275
2048	200,000	14,025	214,025
2049	200,000	9,775	209,775
2050	185,000	5,684	190,684
2051	175,000	1,859	176,859
Total	\$34,610,000	\$9,006,852	\$43,616,852

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the Town has no short-term notes outstanding.

Anticipated Future Borrowings

The Town has no formal capital program. The Town has an infrastructure committee consisting of the Town Supervisor, the Town Attorney, the Engineer for the Town, the Operating Engineer for the Town’s sewer and water facilities, the Town’s Planning Board Chairman, and several others. The committee meets on a monthly basis to review current plans, the status of current construction projects and the planning for future infrastructure needs.

The Town is in the design phase of upgrading its WWTP facilities from a 5 mgd capacity to an 8 mgd capacity facility in order to meet the current and future Town demand; as well as to update the aged facilities that are currently exceeding their useful life; involving the expansion of the WWTP, outfall relocation and treatment upgrades. The construction of this project is expected to begin in 2024. The overall project cost is estimated at approximately \$59.14 million. Under the November 7, 2018 (last amended on April 7, 2021) bond authorization, to date, the Town has issued \$3.0 million for the engineering design of this project. Upon commencement of construction, the Town will issue a series of short-term Notes beginning 2024 in order to fund the construction phase cash flow of approximately \$56.14 million through 2027. In addition, the Town has recently received approval for a NYS Environmental Facilities Corp (EFC) WIIA Grant in the amount of \$14,785,201, to be disbursed on a reimbursement basis; thus, reducing the future long-term bonding amount from \$56.14 million to \$41.4 million. The Town has also recently completed a sub-project to the overall upgrade, construction of a WWTP disinfection system, in the amount of approximately \$3 million for which a bond was issued in 2021 under the May 6, 2020 authorization.

A bond resolution was adopted on April 5, 2023 in the amount of \$2 million to finance the increase and improvement of facilities of Sewer District No. 9; consisting of the rehabilitation of the existing Pump Station #2, including replacement of the mechanical equipment, pumping units, piping, electrical controls, standby generator, general building habitation and other ancillary work required in connection therewith. Construction is expected to commence summer of 2023, and will be financed.

On April 5, 2023, the Town adopted a bond resolution in the amount of \$1.445 million to finance the replacement of the Town highway garage roof as well as the Town building & Grounds facility roof. Construction is expected to commence summer of 2023, and will be financed by the Notes.

The Town has performed I/I (Inflow/Infiltration) planning studies over the past several years and has now identified an area in the Town (located in Sewer District No. 9) to perform sanitary sewer rehabilitation to mitigate inflow and infiltration into the Town’s sewer collection system. The estimated project cost is \$2.5 million. However, the Town is pursuing a WIIA grant for this project through NYSEFC; which, if approved, will cover 25% of the project cost (approximately \$625 thousand). The Town has not yet adopted a bond resolution for this project but is in the process of preparing for such. The estimated construction commencement is fall of 2024 or spring of 2025.

The Town continuously monitors and prioritizes various projects and actively pursues grant funding for identified infrastructure improvements from various sources.

The Town’s current capital project timeline consists of, but is not limited to, the following:

<u>Project Description</u>	<u>Est. Cost</u>	<u>Start & End Dates</u>	<u>Anticipated Source of Funding</u>
WWTP Upgrade Project	\$59,140,800	June 2019- September 2026	Issued \$3 million to date. Intend to issue further Notes/bonds when construction commences in 2024. Town secured a \$14.79 million EFC Grant offset for this project, reducing the future long-term bonding to approximately \$41.4 million.
SD 9 Sanitary Sewer Rehab Project	\$2,500,000	Fall 2024/Spring 2025	Intend to issue a short-term Note in 2024. Town is applying for a Grant for 25% of project cost.

Authorized but Unissued Indebtedness

As of the date of this Official Statement, the Town has the following authorizations for borrowing which have not been funded.

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>	<u>Amount Unissued</u>
04/07/2021	WWTP Upgrade Project	\$59,140,800	\$3,000,000	\$56,140,800
04/06/2022	Sloop Hill Road Slope Stabilization	712,000	0	712,000 ^b
04/05/2023	Sewer Pump Station 2 Rehab	2,000,000	0	2,000,000 ^a
04/05/2023	Town Highway and Building & Grounds Roof Replacements	1,445,000	0	1,445,000 ^a
Total		<u>\$63,297,800</u>	<u>\$3,000,000</u>	<u>\$60,297,800</u>

a: Financed in full from proceeds of the Notes.

b: Project completed in 2022 and funded internally. Intend to rescind outstanding bond authorization.

Calculation of Estimated Overlapping and Underlying Indebtedness ^a

In addition to the Town, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the Town. The estimated applicable outstanding indebtedness of such political subdivisions is as follows:

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Orange	10/17/2022	6.52	\$15,700,529	\$15,700,529
Newburgh City S.D	12/27/2022	35.04	9,958,368	9,198,000
Washingtonville C.S.D	06/30/2022	16.70	8,542,050	8,542,050
Cornwall C.S.D	12/21/2022	11.05	1,879,053	1,879,053
Valley C.S.D	06/30/2022	0.46	89,102	89,102
Fire Districts (Est.)	12/31/2022	Var.	0	0
Total			<u>\$36,169,102</u>	<u>\$35,408,734</u>

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Statements.

Debt Ratios (As of May 30, 2023)

	<u>Amount</u>	<u>Per Capita ^a</u>	<u>Percentage of Full Value (%) ^b</u>
Total Direct Debt	\$33,815,000	\$1,228	1.051
Net Direct Debt	15,705,000	570	0.488
Total Direct & Applicable Total Overlapping Debt	69,984,102	2,541	2.176
Net Direct & Applicable Net Overlapping Debt	51,113,734	1,856	1.589

a: The estimated population of the Town is 27,541.

b: The full valuation of taxable real property in the Town is \$3,216,737,941.

FINANCES OF THE TOWN

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. The financial records of the Town are audited by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2022. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various State and Federal statutes. A copy of the Audited Financial Statements for the fiscal year ended December 31, 2022 is attached as Appendix B.

Fund Structure and Accounts

The Town utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity, which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are two basic fund types: (1) governmental funds that are used to account for basic services and capital projects; and (2) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Town presently maintains the following governmental funds: General Fund, Highway Fund, Sanitation Fund, Sewer Funds, Water Fund and the Ambulance Fund. Fiduciary funds consist of an Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, sanitary landfill post closure costs, installment purchases, judgments and claims, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Investment Policy

Pursuant to the statutes of the State of New York and its adopted Investment Policy, the Town is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller in tax anticipation notes or revenue anticipation notes issued by any municipalities, school district, or district corporation, other than those notes issued by the Town; (6) certificates of participation issued by political subdivisions of the State, as those terms are defined in the law; (7) obligations of a New York public corporation which are made lawful investments for the Town pursuant to the enabling laws of such public corporation; or (8) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town. Any investments made by the Town pursuant to law are required to be payable or redeemable at the option of the Town within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. These statutes also require that the Town's investments, unless registered or inscribed in the name of the Town, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance and the eligible securities utilized for such collateral must be held by a third party financial institution, pursuant to security and custodial agreements. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

The Town maintains a list of financial institutions and dealers approved for investment purposes and establishes appropriate limits to the amount of investments, which can be made with each financial institution or dealer. All financial institutions with which the Town conducts business must be credit worthy. Banks are required to provide their most recent Consolidated Report of Condition (Call Report) at the request of the Town. Security dealers not affiliated with a bank are required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The chief fiscal officer is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

The Town Supervisor is authorized to contract for the purpose of investments: (1) directly from an authorized trading partner, (2) by participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board; and (3) by utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the Town, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Town by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, §10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Town, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the Town a perfected interest in the securities.

Repurchase agreements are authorized subject to the following restrictions: (1) all repurchase agreements must be entered into subject to a Master Repurchase Agreement; (2) trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers; (3) obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America; (4) no substitution of securities will be allowed; and (5) the custodian shall be a party other than the trading partner.

Budgetary Procedures

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer on or before August 15th. After reviewing these estimates, the budget officer prepares a tentative budget, which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of September. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before October 5th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately following the general election. At such hearing, any person may express his opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than November 20th, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor. However, any changes or modifications to the annual budget including the transfer of appropriations among line items must be approved by resolution of the Town Board.

Budget Summary for the 2023 fiscal year may be found in Appendix A.

Financial Operations

The Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate, which then becomes a matter of public record.

The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt.

Town finances are operated primarily through the General and Special Revenue Funds. The General Fund receives most of its revenue from real property tax. Current operating expenditures are paid from these funds subject to available appropriations. The Special Revenue Funds are made up of the Highway, Sewer, Sanitation, Ambulance and Water Funds. The primary source of income for these districts comes from special assessments levied against district properties at the same time real estate taxes are levied. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score, which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the Town as "No Designation". (Fiscal Score: 6.7%).

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The Town has not been audited in the past five years. Reference to this website implies no warranty of accuracy of information therein.

Revenues

The Town receives a significant portion of its revenues from a real property tax on all non-exempt property situated within the Town. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A. See "Real Property Tax Information", herein.

State Aid

Based on the audited financial reports of the Town, the Town received approximately 6.0% of its total General Fund operating revenue from State and Federal aid in 2022 and budgeted approximately 5.2% for 2023. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and has the ability to reduce funding to municipalities and school districts in order to balance its own budget.

If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid. Additionally, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in this year or future years, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. Currently, due to the outbreak of COVID-19, the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or the delay, elimination or substantial reduction in payments to municipalities, school districts or other recipients of State aid in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "*Impacts of COVID-19*" herein.)

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically.

On April 25, 2020 the New York State Division of the Budget (the "DOB") announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projected a \$13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. On August 13, 2020, the DOB issued its first quarterly update to the Financial Plan (the "Updated Financial Plan") which noted that the DOB began withholding 20% of most local aid payments in June due to the absence of Federal action. Depending on the size and timing of any new Federal aid, all or a portion of such withheld funds may become permanent reductions. The Updated Financial Plan included \$8.2 billion in recurring local aid reductions and that, in the absence of unrestricted Federal aid, the DOB will continue to withhold a range of payments through the second quarter of the State's 2021 fiscal year. On October 30, 2020, the DOB issued its midyear update to the Financial Plan (the "Midyear Update") which projected a \$14.9 billion General Fund revenue decline and a 15.3% All Funds tax receipts decline from the State 2020-21 Budget forecast released in February, creating a total loss of nearly \$63 billion through FY 2024 as a direct consequence of the COVID-19 pandemic. In the absence of Federal funding to offset this revenue loss, the Midyear Update shows the State reduced spending through September by \$4.3 billion compared to FY 2020 spending over the same period by freezing hiring, new contracts and pay raises, and temporarily holding back 20% of most payments, including payments to municipalities and school districts.

On October 30, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projected a \$14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projected a total revenue loss of \$63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

As a result, in the absence of Federal assistance, budget control actions are expected to significantly reduce State spending in several areas, including “aid-to-localities,” a broad spending category that includes funding for health care, municipalities, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

In addition, the availability of State aid and the timeliness of payment of State aid to municipalities and school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 pandemic.

Should the Town fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies, the Town is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The following table sets forth the percentage of the Town’s General Fund revenue comprised of State aid and Federal aid for each of the fiscal years 2018 through 2022 inclusive and budgeted for 2023.

<u>Year Ended December 31:</u>	<u>Total General Fund Town Revenue</u>	<u>State & Federal Aid</u>	<u>State & Federal Aid To Revenues (%)</u>
2018	\$22,772,515	\$1,325,964	5.82%
2019	20,330,135	1,044,019	5.14%
2020	20,430,195	1,106,495	5.42%
2021	23,145,823	1,571,701	6.79%
2022	25,120,658	1,507,654	6.00%
2023 (Budgeted)	22,161,530	1,152,766	5.20%

Expenditures

The major categories of expenditures for the Town are General Government Support, Public Safety, Transportation, Economic Assistance and Opportunity, Home and Community Services, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five fiscal years ending December 31, 2022 may be found in Appendix A, on pages A-1 through A-5.

Employee Pension System

Substantially all employees of the Town are members of the New York State and Local Employees’ Retirement System (“ERS”) or the State and Local Police and Fire Retirement System (“PFRS” and together with ERS, the “Retirement System”). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and Employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the “Retirement System Law”). The Retirement System offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System.

The following table summarizes the retirement system tier levels currently in effect:

<u>Tier</u>	<u>System</u>	<u>Effective Dates (Hire Date)</u>	<u>Vesting (Years of Credited Service)</u>	<u>Employee Contribution Rate (Percent of Salary)</u>
1	ERS	Before July 1, 1973	5	0%
1	PFRS	Before July 31, 1973	5	0% (Non-Contributory)
2	ERS	July 1, 1973 – July 26, 1976	5	0%
2	PFRS	July 31, 1973 – June 30, 2009	5	0% (Non-Contributory)
3	ERS	July 27, 1976 – August 31, 1983	5	3% throughout 10 years of service, then 0%
3	PFRS	July 1, 2009 – January 8, 2010	5	0% (Non-Contributory)
4	ERS	September 1, 1983 – December 31, 2009	5	3% throughout 10 years of service, then 0%
5	ERS	January 1, 2010 – March 31, 2012	10	3% throughout employment
5	PFRS	January 9, 2010 – March 31, 2012	10	0% (Non-Contributory)
6	ERS	April 1, 2012 and After	10	3% - 6% variable based on annual Salary throughout employment
6	PFRS	April 1, 2012 and After	10	0% (Non-Contributory)

The average NYS retirement contribution rates decreased from 16.2% to 11.6% of payroll for the Employee's Retirement System (ERS) and from 28.3% to 27.0% of payroll for the Police and Fire Retirement System (PFRS) from the 2021/2022 to the 2022/2023 NYS fiscal year. The 2023/2024 average contribution rates for ERS and PFRS have been set at 13.1% and 27.8%, respectively.

Pension reform legislation changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with required payment until after the budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Legislation also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

The annual pension payment due date is February 1 and permits the legislative body of a municipality to establish a retirement contribution reserve fund for the purpose of financing retirement contribution in the future. The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount.

In 2013, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARC"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount. The primary purpose of the SCO plans is to reduce the volatility of future pensions ARC. However, although the pension contribution rates under this program would reduce near-term payments, it will require higher than normal contributions in later years. This Town has not participated in any of the amortization programs and does not intend to do so in the foreseeable future.

The Town has changed accounting policies related to pensions by adopting GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, for the year ended December 31, 2015. GASB Statement 68 requires reporting entities to recognize their proportionate share of the net pension liability and operating statement activity related to changes in the collective pension liability. This means that reporting entities that contribute to the state retirement pension plan should now report a liability on their financial statements for their proportionate share of the net pension liability. The new standards change how pension plan liabilities are accounted for and disclosed in financial statements of public pensions and participating employers. The new standards do not affect or alter how public employee pensions are funded or how employer contribution rates are calculated.

Contributions to the Retirement Systems

Fiscal Year Ending Dec 31:	ERS	Policemen's & Firemen's Retirement System	Total
2018	\$ 879,671	\$1,093,699	\$1,973,370
2019	911,271	1,061,998	1,973,269
2020	926,000	1,126,311	2,052,311
2021	965,949	1,318,153	2,284,102
2022	1,093,279	1,624,901	2,718,180
2023 (Budgeted)	829,905	1,674,724	2,504,629

Other Post Employment Benefits

The Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State (such as the Town) have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

For the year ended December 31, 2018, the Town adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 established new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the employer's current fiscal year. The discount rate is based on 20-year, tax-exempt general obligation municipal bonds. There is no amortization of prior service cost.

The implementation of GASB 75 resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The Town's total OPEB liability at December 31, 2022 is as follows:

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years, if there are less than 200 members.

Total OPEB Liability at Dec 31, 2021	<u>\$71,147,366</u>
Charges for the Year:	
Service Cost	2,748,923
Interest	1,589,915
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	6,212,405
Changes in Assumptions or Other Inputs	(23,242,617)
Benefit Payments	<u>(968,949)</u>
Net Changes	<u>(13,660,323)</u>
Total OPEB Liability at Dec 31, 2022	<u><u>\$57,487,043</u></u>

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives a significant portion of its annual revenue through a direct real property tax.

Tables presenting the tax levy, by purpose, collection performance and tax rates can be found in Appendix A.

The following table sets forth the percentage of the Town’s General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2018 through 2022 inclusive, and budgeted amounts for fiscal year 2023.

Fiscal Year <u>Ending Dec 31:</u>	<u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2018	\$22,772,515	\$7,874,443	34.58
2019	20,330,135	7,957,588	39.14
2020	20,430,195	8,361,357	40.93
2021	23,145,823	8,798,117	38.01
2022	25,120,658	9,006,189	35.85
2023 (Budgeted)	22,161,530	8,843,559	39.91

Source: Financial statements 2018 through 2022 and adopted budget for fiscal year 2023.

Tax Collection Procedure

Taxes are due January 1, payable without penalty to and including January 31. Penalties thereafter are imposed at an annual rate determined by the New York State Commissioner of Taxation and Finance. In April the tax roll is returned to the County and taxes are payable to the County Commissioner of Finance. The Town retains the total amount of Town, Highway, Special Districts, Fire Districts and delinquent water and sewer levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility and holds annual tax sales.

As far as the Town is concerned, there are no uncollected taxes. Payment in full of all Town taxes is guaranteed by the County.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after May 31, 2012, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of the Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two one-hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Tax Levy Limit Law also provides for adjustments to be made to the Town's tax levy based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision described above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds of the Town or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

The 2015 through 2023 Budgets did not exceed the tax levy limitation.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

Selected Listing of Large Taxable Properties
2023 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Central Hudson Gas & Electric	Utility	\$13,631,415
NY State DEC	Taxable State Owned Lands	6,551,200
DRA Fidelco New Windsor, LLC	Apartment Complex	4,541,200
First Columbia	Office & Manufacturing Park	4,106,300
BHC Big V, LLC	Retail Shopping Center	4,000,000
City of Newburgh	Water Supply & Filtration Plant	3,089,700
Knox Village Associates	Apartment Complex	2,614,400
Hudson Valley Terminal LLC	Warehouse/Distribution Facility	1,946,100
Scenic Properties LLC	Manufacturing	1,520,800
Southlake Cove, TIC, LLC	Office Park	1,362,100
New Windsor Properties	Apartments	1,324,900
VGR Associates	Retail Shopping Center	1,263,950
Oakwood Terrace	Co-operative Apartments	1,200,000
4 Acres LLC	Retail Shopping Center	1,091,622
Global Companies, LLC	Oil Tank Farm	1,035,000
		<u>\$49,278,687</u>

a. Assessment Roll established in 2022 for levy and collection of taxes in 2023.

b. Represents 12.13% of the 2023 Taxable Assessed Valuation of the Town of \$404,274,002.

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of Town taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money.

LITIGATION

In common with other municipalities, the Town receives Notices of Claim and is party to litigation from time to time. In the opinion of the Town, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending for which the Town has not asserted a substantial and adequate defense.

In July 2019, approximately 102 claimants filed Notices of Claims against the Town, asserting damages for exposure to PFOA and PFOS in the Town’s Butterhill Wells (see “Town Water System” herein). Upon information and belief, the statute of limitations has now passed without any claims being filed with regard to these matters. Accordingly, any potential liability for same has now expired. The Town’s own complaint against those believed responsible for the contamination, filed in May 2021, is still pending. The litigation has been transferred to the State of South Carolina, where a federal judge is handling it and other similar claims in a multi-district litigation, with the first “bellwether” case scheduled for trial the summer of 2023. Any other claims, other than those related to the PFOA/PFOS issue are unlikely to have any adverse material effect on the financial condition of the Town, even if there were an adverse finding against the Town.

CYBERSECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

IMPACT OF COVID-19

The American Rescue Plan Act (“ARPA”), a \$1.9 trillion COVID-19 relief package includes \$350 billion federal aid to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The Town received approximately \$1.42 million in direct aid through the ARPA which was signed into law on March 11, 2021. The Town received 50% of its allocation in 2021 and the remaining 50% in 2022. According to the ARPA, the Town must obligate the funds by December 31, 2024 and expend them by December 31, 2026. It is the intent of the Town, to the extent allowable under the ARPA, to use these funds for expenditures incurred as well as lost revenue related to COVID-19. The intended use of the remaining funds is still under discussion, but investment in the Town’s infrastructure is under consideration (pending further guidance under the ARPA).

Although the ARPA provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the Town (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Notes, and Bond Counsel has assumed compliance by the Town with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Town, in executing the Tax Certificate, will certify to the effect that the Town will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes. In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond and note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond and note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Note should consult their own tax advisors regarding the treatment of bond and note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond and note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the Town. Said opinion will be available at the time of delivery of the Notes, and will be substantially in the form set forth in Appendix C.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Notes, the Town will provide an executed copy of its Undertaking to Provide Notice of Events substantially in the form set forth in Appendix D.

The Town reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in a manner consistent with Rule 15c2-12 as then in effect.

RATING

The Notes are not rated. Moody's has assigned a rating of "Aa3" to the Town's outstanding long-term debt. This rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's, 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Notes or the availability of a secondary market for such Notes.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Town on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Doreen Casey, Town Comptroller, Town of New Windsor, Town Hall, 555 Union Avenue, New Windsor, New York 12553, telephone number (845) 563-4621, email: dcasey@newwindsor-ny.gov or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: <http://www.munistat.com>.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Town nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Town disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the Town also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be, in fact, realized. This Official Statement is not to be construed as a contract or agreement between the Town and the original purchasers or owners of any of the Notes.

The preparation and distribution of this Official Statement has been authorized by the resolutions of the Town which delegate to the Town Supervisor the power to sell and issue the Notes.

TOWN OF NEW WINDSOR, NEW YORK

By: s/s GEORGE J. MEYERS
Town Supervisor and Chief Fiscal Officer
Town of New Windsor
New Windsor, New York

June , 2023

APPENDIX A

FINANCIAL INFORMATION

.

Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 7,874,443	\$ 7,957,558	\$ 8,361,357	\$ 8,798,117	\$ 9,006,189
Real Property Tax Items	30,500	372,172	364,311	378,094	383,220
Non-Property Taxes	5,034,893	4,850,272	4,588,535	5,627,609	6,108,522
Departmental Income	1,767,169	1,660,331	1,650,443	1,461,812	1,461,270
Use of Money and Property	855,202	1,010,174	845,501	579,215	667,225
Licenses & Permits	21,347	17,705	28,288	363,790	274,531
Fines & Forfeitures	959,605	998,886	577,753	470,843	438,432
Sale of Property and Compensation for Loss	3,624,462	911,256	974,333	1,843,883	3,390,417
Miscellaneous	180,832	118,341	250,157	222,596	122,968
Interfund Revenues	1,098,098	1,389,422	1,683,022	1,828,163	1,760,230
State and Federal Aid	1,325,964	1,044,019	1,106,495	1,571,701	1,507,654
Total Revenues	<u>22,772,515</u>	<u>20,330,136</u>	<u>20,430,195</u>	<u>23,145,823</u>	<u>25,120,658</u>
Expenditures:					
General Government Support	4,869,531	5,196,785	4,875,107	4,740,558	4,728,876
Public Safety	6,864,711	7,585,254	7,747,700	7,998,990	8,440,319
Transportation	374,839	226,864	263,432	286,427	311,537
Economic Assistance	582,107	158,325	25,594	27,064	86,268
Culture and Recreation	1,074,832	609,154	882,192	809,269	923,383
Home and Community Services	886,895	525,682	545,992	482,121	603,354
Employee Benefits	5,604,056	5,981,474	6,164,066	6,531,751	6,852,825
Debt Service					
Total Expenditures	<u>20,256,971</u>	<u>20,283,538</u>	<u>20,504,083</u>	<u>20,876,180</u>	<u>21,946,562</u>
Excess (Deficit) Revenues Over Expenditures	<u>2,515,544</u>	<u>46,598</u>	<u>(73,888)</u>	<u>2,269,643</u>	<u>3,174,096</u>
Other Sources & Uses:					
Interfund Transfers In	7,582	5,951	0	29,636	13,835
Interfund Transfers (Out)	(297,488)	(429,988)	(458,311)	(329,814)	(534,970)
Total Other Sources & Uses	<u>(289,906)</u>	<u>(424,037)</u>	<u>(458,311)</u>	<u>(300,178)</u>	<u>(521,135)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	<u>2,225,638</u>	<u>(377,439)</u>	<u>(532,199)</u>	<u>1,969,465</u>	<u>2,652,961</u>
Fund Balance Beginning of Year	<u>3,623,540</u>	<u>5,849,178</u>	<u>5,471,739</u>	<u>6,298,532</u>	<u>8,267,997</u>
Prior Adjustments			<u>1,358,992</u> ^a		<u>51,282</u> ^b
Fund Balance End of Year	<u>\$ 5,849,178</u>	<u>\$ 5,471,739</u>	<u>\$ 6,298,532</u>	<u>\$ 8,267,997</u>	<u>\$ 10,972,240</u>

a. A prior period adjustment was made to account for the effects of GASB Statement No. 84, Fiduciary Activities that was recorded at December 31.

b. The Town implemented GASB Statement No. 87, Leases.

Source: Audited Annual Financial Reports of the Town (2018-2022)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Highway Fund

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 3,696,021	\$ 3,742,769	\$ 3,658,455	\$ 3,598,875	\$ 3,695,670
Intergovernmental Charges	14,107	14,256	14,256	14,553	14,701
Use of Money and Property	9,130	3,635	24,796	1,879	5,969
Fines & Forfeitures		12,000			
Sale of Property & Compensation for Loss	98,056	28,063	14,461	44,912	74,294
Miscellaneous	178,175	28,093	25,724	93,900	16,066
Interfund Revenues	39,875	92,911	132,114	68,572	82,938
State Aid and Federal Aid	558,924	284,074	386,156	457,944	355,912
Total Revenues	<u>4,594,288</u>	<u>4,205,801</u>	<u>4,255,962</u>	<u>4,280,635</u>	<u>4,245,550</u>
Expenditures:					
General Government Support				2,483	1,722
Transportation	2,989,023	2,656,995	2,641,993	2,689,064	2,753,096
Home & Community Services	76,024	19,256	38,773	27,333	11,029
Employee Benefits	845,622	934,442	938,278	930,156	972,667
Total Expenditures	<u>3,910,669</u>	<u>3,610,693</u>	<u>3,619,044</u>	<u>3,649,036</u>	<u>3,738,514</u>
Excess (Deficiency) of Revenues over Expenditures	<u>683,619</u>	<u>595,108</u>	<u>636,918</u>	<u>631,599</u>	<u>507,036</u>
Other Sources & Uses:					
Interfund Transfers In	18,103	55	14,140	12,218	8,655
Interfund Transfers (Out)	(661,041)	(537,371)	(437,498)	(486,375)	(426,000)
Total Other Sources & Uses	<u>(642,938)</u>	<u>(537,316)</u>	<u>(423,358)</u>	<u>(474,157)</u>	<u>(417,345)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	<u>40,681</u>	<u>57,792</u>	<u>213,560</u>	<u>157,442</u>	<u>89,691</u>
Fund Balance Beginning of Year	<u>1,850,620</u>	<u>1,891,301</u>	<u>1,949,093</u>	<u>2,162,653</u>	<u>2,320,095</u>
Prior Period Adjustment					
Fund Balance End of Year	<u>\$ 1,891,301</u>	<u>\$ 1,949,093</u>	<u>\$ 2,162,653</u>	<u>\$ 2,320,095</u>	<u>\$ 2,409,786</u>

Source: Audited Annual Financial Reports of the Town (2018-2022)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Water Fund

	Fiscal Year Ending December 31:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes	\$ 1,034,472	\$ 1,086,704	\$ 1,134,487	\$ 1,311,105	\$ 1,281,538
Departmental Income	6,069,725	5,692,817	6,123,271	6,986,269	6,406,163
Use of Money and Property	19,132	39,123	17,459	4,765	42,611
Sale of Property & Compensation for Loss	14,931	258	88	392,233	1,545,424
Miscellaneous					
Total Revenues	<u>7,138,260</u>	<u>6,818,902</u>	<u>7,275,305</u>	<u>8,694,372</u>	<u>9,275,736</u>
Expenditures:					
General Government Support	1,468	358		1,143	613
Home and Community Services	5,544,690	5,520,111	5,676,853	6,970,205	6,456,354
Employee Benefits	426,027	251,370	245,508	244,442	261,576
Total Expenditures	<u>5,972,185</u>	<u>5,771,839</u>	<u>5,922,361</u>	<u>7,215,790</u>	<u>6,718,543</u>
Other Sources & Uses:					
Proceeds of Obligations					
Interfund Transfers In	967,100	1,020,128	1,074,663	1,406,498	1,294,675
Interfund Transfers (Out)	<u>(1,484,746)</u>	<u>(2,499,043)</u>	<u>(2,397,910)</u>	<u>(2,759,543)</u>	<u>(2,726,286)</u>
Total Other Sources & Uses	<u>(517,646)</u>	<u>(1,478,915)</u>	<u>(1,323,247)</u>	<u>(1,353,045)</u>	<u>(1,431,611)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	648,429	(431,852)	29,697	125,537	1,125,582
Fund Balance Beginning of Year	<u>5,763,914</u>	<u>6,412,343</u>	<u>5,980,491</u>	<u>6,010,188</u>	<u>6,135,725</u>
Prior Period Adjustment					
Fund Balance End of Year	<u>\$ 6,412,343</u>	<u>\$ 5,980,491</u>	<u>\$ 6,010,188</u>	<u>\$ 6,135,725</u>	<u>\$ 7,261,306</u>

Source: Audited Annual Financial Reports of the Town (2018-2022)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Sewer Fund

	Fiscal Year Ending December 31:				
	2018	2019	2020	2021	2022
Revenues:					
Real Property Taxes	\$ 170,133	\$ 167,071	\$ 76,640	\$ 28,378	\$ 124,132
Departmental Income	2,548,352	2,650,339	2,563,682	2,740,469	2,676,234
Intergovernmental Charges	60,983	82,521	83,850	86,404	86,460
Use of Money and Property	10,262	54,997	35,148	20,836	40,646
Sale of Property & Compensation for Loss	600,000	151,707	52,050	133,600	78,473
Miscellaneous	1,000	21,561			
State and Federal Aid					100,000
Total Revenues	3,390,730	3,128,196	2,811,370	3,009,687	3,105,945
Expenditures:					
General Government Support					
Home and Community Services	2,410,761	2,594,013	2,426,091	2,537,515	2,755,703
Debt Service					
Total Expenditures	2,410,761	2,594,013	2,426,091	2,537,515	2,755,703
Other Sources & Uses:					
Proceeds of Obligation					
Interfund Transfers In	106,475	95,708	210,558	305,546	80,460
Interfund Transfers (Out)	(293,465)	(280,226)	(595,856)	(884,679)	(535,641)
Total Other Sources & Uses	(186,990)	(184,518)	(385,298)	(579,133)	(455,181)
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	792,979	349,665	(19)	(106,961)	(104,939)
Fund Balance Beginning of Year	3,625,025	4,418,004	4,767,669	4,767,650	4,660,689
Prior Period Adjustments					
Fund Balance End of Year	\$ 4,418,004	\$ 4,767,669	\$ 4,767,650	\$ 4,660,689	\$ 4,555,750

Source: Audited Annual Financial Reports of the Town (2018-2022)

NOTE: This Schedule NOT audited.

Statement of Revenues, Expenditures and Fund Balances
Refuse and Garbage District

	Fiscal Year Ending December 31:				
	2018	2019	2020	2021	2022
Revenues:					
Real Property Taxes	\$ 1,931,411	\$ 2,061,648	\$ 2,163,994	\$ 2,322,112	\$ 2,505,647
Departmental Income	274,121	287,294	305,257	334,901	357,832
Use of Money and Property	5,423	6,905	2,522	1,077	1,321
Sale of Property & Compensation for Loss		171	3,387	5,266	3,182
Miscellaneous	690	10,000			42,477
Interfund Revenues			30,800	23,300	588
Total Revenues	2,211,645	2,366,018	2,505,960	2,686,656	2,911,047
Expenditures:					
Home and Community Services	1,525,114	1,790,890	1,841,634	1,947,418	2,015,889
Employee Benefits	666,040	767,130	734,791	727,075	777,867
Debt Service					
Operating Transfers	61,416	42,028	40,966	36,117	71,841
Total Expenditures	2,252,570	2,600,048	2,617,391	2,710,610	2,865,597
Excess (Deficiency) of					
Revenues over Expenditures	(40,925)	(234,030)	(111,431)	(23,954)	45,450
Fund Balance Beginning of Year	1,042,868	1,001,943	767,913	656,482	632,528
Prior Period Adjustment					
Fund Balance End of Year	\$ 1,001,943	\$ 767,913	\$ 656,482	\$ 632,528	\$ 677,978

Source: Audited Annual Financial Reports of the Town (2018-2022)

NOTE: This Schedule NOT audited.

Balance Sheet
General Fund

	Fiscal Year Ending December 31:	
	2021	2022
Assets:		
Cash & Cash Equivalents	\$ 8,636,895	\$ 10,764,106
Accounts Receivable, Net	1,658,775	2,327,374
Due from Other Funds		5,593
Lease Receivable		7,945,480
State & Federal Aid Receivable		
Total Assets	10,295,670	21,042,553
Liabilities:		
Accounts Payable	\$ 340,198	\$ 617,169
Due to Other Funds		
Due to Employees' Retirement System	1,687,474	1,594,573
Total Liabilities	2,027,672	2,211,742
Deffered Inflows of Resources		7,858,570
Fund Balances:		
Assigned	\$ 1,919,564	\$ 1,927,863
Unassigned	6,348,433	9,044,377
Total Fund Balances	8,267,997	10,972,240
Total Liabilities & Fund Balances	\$ 10,295,670	\$ 21,042,553

Source: Audited Annual Financial Reports of the Town (2021-2022)

**Budget Summaries
2022**

	Fiscal Year Ending December 31:			
	<u>Appropriations</u>	<u>Less Estimated Revenues</u>	<u>Less Unexpected Balance</u>	<u>Amount To Be Raised By Tax</u>
Fund:				
General Fund	\$ 22,615,980	\$ 12,743,431	\$ 866,360	\$ 9,006,189
Highway Fund	4,379,814	484,145	200,000	3,695,669
Water Fund	8,751,155	8,751,155		
Sewer Fund	3,183,398	2,843,398	340,000	
Ambulance	672,840	146,400		526,440
Garbage Fund	2,953,740	398,092	50,000	2,505,648
Sewer Special District	135,708	12,800		122,908
Water Special Districts	1,281,545	18	-9	1,281,536
Totals	<u>\$ 43,974,180</u>	<u>\$ 25,379,439</u>	<u>\$ 1,456,351</u>	<u>\$ 17,138,390</u>

Source: Town of New Windsor 2022 Adopted Budget Summary

**Budget Summaries
2023**

	Fiscal Year Ending December 31:			
	<u>Appropriations</u>	<u>Less Estimated Revenues</u>	<u>Less Unexpected Balance</u>	<u>Amount To Be Raised By Tax</u>
Fund:				
General Fund	\$ 23,111,574	\$ 13,303,653	\$ 964,362	\$ 8,843,559
Highway Fund	5,179,048	845,653	275,000	4,058,395
Water Fund	9,044,935	8,844,935	200,000	
Sewer Fund	3,283,590	3,083,590	200,000	
Ambulance	650,025	2,000	30,000	618,025
Garbage Fund	3,120,119	410,227	50,000	2,659,892
Sewer Special District	236,997	4,100		232,897
Water Special Districts	1,211,213	3		1,211,210
Totals	<u>\$ 45,837,501</u>	<u>\$ 26,494,161</u>	<u>\$ 1,719,362</u>	<u>\$ 17,623,978</u>

Source: Town of New Windsor 2023 Adopted Budget Summary

TOWN OF NEW WINDSOR
APPENDIX B
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

[▶ Click Here For 2022 Audit](#)

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT.

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

June 29, 2023

The Board of Trustees of the
Town of New Windsor, in the
County of Orange, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of New Windsor (the “Town”), in the County of Orange, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$3,445,000 Bond Anticipation Notes – 2023 (the “Notes”) of the Town dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Notes in order that the interest on the Notes be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Notes, restrictions on the investment of proceeds of the Notes prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Notes to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Notes, the Town will execute a Tax Certificate relating to the Notes containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Town represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Notes will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Town's certifications, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Notes, and (ii) compliance by the Town with the procedures and certifications set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

We give no assurances as to the accuracy, sufficiency or completeness of the Preliminary or Final Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town which have been or may hereafter be furnished or disclosed to purchasers of said Notes.

Very truly yours,

APPENDIX D

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean “financial obligation” as such term is defined in Rule 15c2-12.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the Town of New Windsor, in the County of Orange, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Town Supervisor as of June 29, 2023.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s **\$3,445,000 Bond Anticipation Notes – 2023**, dated June 29, 2023, maturing June 28, 2024, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776 to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (vii) modifications to rights of Securities holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (xv) incurrence of a financial obligation, as defined in Rule 15c2-12, of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **June 29, 2023**.

TOWN OF NEW WINDSOR, NEW YORK

By: _____
Town of Supervisor